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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, NOVEMBER  
10 - 17, 2006

Classified By: DCM Michael J. Fitzpatrick; Reasons: 1.4(b),(d).

11. (U) SUMMARY:  
-- November 19 Elections May Cause Job Loss  
-- Cuban Refugees Arrive  
-- TIP Update  
-- Making the Balance Sheets Work

NOVEMBER 19 ELECTIONS MAY CAUSE JOB LOSS

12. (C) The Superior Elections Tribunal (TSJE) has come under a considerable amount of criticism in recent days regarding their ability to conduct this Sunday's Municipal elections. TSJE Director of Technical Information, Ricardo Lesme Dalles,

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and TSJE Director of Public Affairs, Liliana Benitez, told PolOff November 17 much of the criticism is over the loading of candidates into the electronic voting machines. Lesme claimed some of the political parties had given the TSJE incorrect spellings of candidate names and/or photographs where incorrect. The TSJE loaded that information into the systems and had to go back and correct all of that data. (NOTE: Lesme's position will be reviewed on Monday by the TSJE, according to Benitez. Benitez believes that he will

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not survive that review because of the enormous political pressure from Sen. Galaverna and other leaders within the Colorado Party. Lesme has worked in the Technical Information Office for 11 years. END NOTE).

13. (C) Lesme indicated that he expects the results of the electronic ballots to be ready for release at 7:00 pm. However, in the remaining areas with both electronic and paper ballots, the results will not be released until after every vote has been counted. Benitez noted that the TSJE has 150 political party observers and 22 international observers, including representatives from the Mercosur countries, El

Salvador and the Dominican Republic (the latter are considering a move to electronic balloting).

#### CUBAN REFUGEES ARRIVE

¶4. (U) Seven Cuban refugees arrived in Asuncion November 14 and will be resettled in Paraguay with the assistance of the Committee of Churches, a local NGO. The DCM met with International Organization for Migration (IOM) Program Coordinator Dr. Luis Bogado-Poisson November 15 to discuss the arrival of the Cubans and to thank IOM for their support and efforts. (NOTE: The Paraguayan Consulate in Sao Paulo granted courtesy visas (no charge) to the Cubans. The Cubans requested asylum upon arrival in Paraguay. The AMB is sending a thank you letter to the MFA for their support in relocating the Cuban refugees and will meet with the FM next week. END NOTE).

#### TIP UPDATE

¶5. (C) Paraguay's inability to gather accurate data on the numbers of victims of trafficking in persons continues leaving much of the NGO community to question how the Paraguayan government registers victims. According to Graciela Zelaya, Director of the Trafficking in Persons Center and the Office of Women's Support Services in the Secretariat of Women's Affairs, there are 16 new adult

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victims of trafficking as of September 2006. Also, Rosa Otazu, Director of Policy in the Secretariat of Children and Adolescents, told POLOFF that there have been 5 minor victims of trafficking this year, all for sexual exploitation. Zelaya stated that most of the victims were from the interior of the country and transported to the cities of Asuncion, Encarnacion and Ciudad del Este before being trafficked across the borders into Brazil and Argentina, some with planned destinations in Spain and the United States. (COMMENT: Global Infancia, a local NGO, recently reported they identified 43 new adult victims and 11 new minor victims of trafficking since January 2006. This continues to raise

serious questions of the government's ability to adequately account for the "true" number of victims. POLOFF has consulted with the GOP on this topic and recently commissioned a local IT firm to create a system that can monitor the GOP caseload. The firm will release their recommendations to Post at the end of November. END COMMENT).

#### MAKING THE BALANCE SHEETS WORK

¶6. (U) The World Bank recently sent a team of experts to begin to conduct the first Public Expenditure and Financial Accountability Report (PEFA) for Paraguay. The PEFA is designed to assess and develop essential performance measurements in order to reform the public expenditure and procurement system as well as foster financial accountability. According to U.S. Treasury Dept Resident Budget Advisor, the process is a year-long review of the public finances of Paraguay. The World Bank will meet next week with donor organizations to discuss how the team will conduct its work. (NOTE: Some of the donor groups include: the InterAmerican Development Bank, USAID, and the European Union representative. END NOTE).

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